



PPFAS Long Term Value Fund (An Open Ended Equity Scheme)

A scheme designed for genuine
Long Term Investors!

Investment Objective of the Scheme	The investment objective of the Scheme is to seek to generate long-term capital growth from an actively managed portfolio primarily of Equity and Equity Related Securities. Scheme shall invest in Indian equities, foreign equities and related instruments and debt securities.		
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Risk Category of the scheme		BROWN - HIGH RISK	
Blue colour refers that principal investment will be at low risk	Yellow Colour refers that principal investment will be at medium risk	Brown Colour refers that principal investment will be at high risk	

Investors should consult their financial advisers if in doubt about whether this scheme is suitable for them.

PPFAS 

There's only one right way®

MUTUAL FUND

SPONSOR: **PARAG PARIKH FINANCIAL ADVISORY SERVICES LIMITED**



Outlook

We do not have expertise in predicting short term market movements. We aim to buy stakes in businesses which are well run and wealth creating for shareholders and which are quoting at a discount to intrinsic value. Hence the emphasis on having a minimum of 5 year investment outlook for investing in this scheme.

This month we want to communicate on two specific stocks.

Google

Investors would have noted the addition of shares of Google to our portfolio in the June Factsheet. This month they will note that Google is the top holding in the portfolio at more than 8%.

Typically value investors following the example of Warren Buffett and Charlie Munger will avoid technology companies because of factors like fast change in technology or the high valuations.

Google however in our view is a company with a very strong moat /competitive advantage and Mr. Charlie Munger seems to agree. Apart from the large and dominant share in Search, the same dominance is there in Email, Maps, Mobile phone operating system, Video sharing and so on. The whole ecosystem that has been created enables personalised advertising / marketing options for companies / advertisers which are also liked by consumers because they are so relevant to their lives.

The reported earnings also in our view do not reflect the true earnings potential because of the high R&D expenses that are expensed straight away each year. In the last 12 months almost \$ 8.5 Bn has been expensed on R&D expenses.

We expect to hold the investments in Google for a long time.

We are working on a detailed presentation and we hope to put it up on our Youtube channel sometime in the month of October.

United Spirits

In the June Factsheet investors would have seen United Spirits as an Arbitrage / Special Situation holding and it appears this month in the core holdings. This has a potential of causing some confusion and hence the note.

Diageo had announced an open offer for United Spirits shares at a price of Rs. 3,030. We bought the shares at a lower price to tender the shares in the open offer.

If all the shares had been accepted, we would not have any issue with that. On the other hand if only part of the shares got accepted we would be happy in that situation also.

The comfort to hold the residual shares as investment comes from

- Strategic value of Rs. 3,030 per share paid by acquirer (albeit with some element of control premium).
- Better corporate governance prospects post acquisition because of no debt overhang / unrelated businesses etc.
- Dominant position in the Indian market in the Spirits space.
- Attractive valuations considering Sales Turnover etc (though the reported earnings are not good because of past issues).

As it turns out, we tendered all the shares in the open offer and a large portion of the same were accepted. We are happy owning the residual quantity for now as an investment.

Name of the Scheme	PPFAS Long Term Value Fund
Investment Objective	To seek to generate long-term capital growth from an actively managed portfolio primarily of equity and equity related securities.
Type of the Scheme	An Open Ended Equity Scheme
Inception Date	May 28, 2013
Name of the Fund Managers	Mr. Rajeev Thakkar - Equity Fund Manager (Overall 10 years of experience in fund management) Mr. Vishal Shah - Debt Fund Manager (Since Inception) Mr. Raunak Onkar - Fund Manager for Overseas Securities (Since Inception)
Assets Under Management (AUM) as on July 31, 2014	₹ 472.99 Crores
Net Asset Value (NAV) July 31, 2014	Regular Plan: 14.4772 Direct Plan: 14.5541
Exit Load	Exit load is changed w.e.f. July 7, 2014. You are requested to refer to the SID (Page 79).
Expense Ratio	Regular Plan : 2.50%* Direct Plan : 2.00%*
Benchmark Indices	CNX 500
Minimum Application Amount	New Purchase: ₹ 1,000 Additional Purchase: ₹ 1,000 Monthly SIP: ₹ 1,000 Quarterly SIP: ₹ 5,000

* Excluding Service Tax

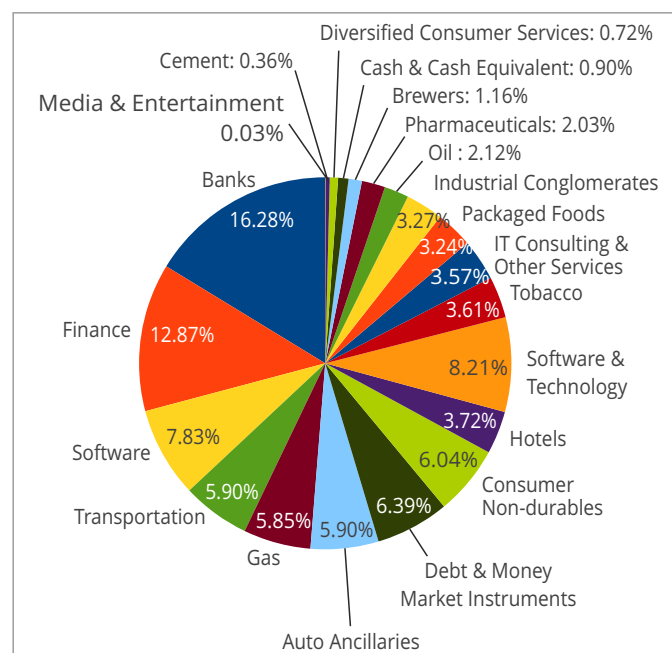
Portfolio Disclosure

Core Equity		
Name	Sector	% of Net Assets
ICRA Ltd	Finance	6.92%
Axis Bank	Banks	6.38%
IL&FS Investment Managers	Finance	5.95%
Noida Toll Bridge Co Ltd	Transportation	5.90%
Maharashtra Scooters Ltd	Auto Ancillaries	5.90%
ICICI Bank	Banks	4.56%
Zyduz Wellness Ltd	Consumer Non Durables	4.46%
Polaris Financial Technology Ltd	Software	4.32%
The Jammu & Kashmir Bank Ltd	Banks	3.94%
Mahindra Holidays & Resorts India Ltd	Hotels	3.72%
Mphasis Ltd	Software	3.51%
Gujarat Gas Co Ltd	Gas	3.07%
Indraprastha Gas Ltd	Gas	2.78%
Selan Exploration Technology Ltd	Oil	2.12%
United Spirits Ltd*	Consumer Non Durables	1.58%
Novartis Ltd	Pharmaceuticals	1.09%
Wyeth Ltd	Pharmaceuticals	0.94%
MT Educare Ltd	Diversified Consumer Services	0.72%
The Ramco Cements	Cement	0.36%
Navneet Education Ltd	Media & Entertainment	0.03%
Total		68.25%
Overseas Securities, IDRS and ADRs		
Google - C Class #	Software & Technology	8.21%
British American Tobacco ADR #	Tobacco	3.61%
International Business Machines Corp #	IT Consulting & Other Services	3.57%
3M Co #	Industrial Conglomerates	3.27%
Nestle SA ADR #	Packaged Foods	3.24%
Standard Chartered PLC IDR	Banks	1.40%
Anheuser Busch Inbev SA ADR #	Brewers	1.16%
Total		24.46%
Debt and Money Market Instruments		
CBLO		5.12%
FDR		1.27%
Invested Total		99.10%
Cash and Cash Equivalent		0.90%
Net Assets		100.00%

Currency hedge to the extent of approximately 90% of exposure.

* Residual quantity/value after buy back

Sector Allocation



Quantitative Indicators

Beta	0.65
Standard Deviation	12.36%
Sharpe Ratio	2.99
Portfolio Turnover	13.63%

Above figures are annualised.

Risk free rate assumed to be 8.5907% (91Day T-Bill rate as on 31st July 2014).

Performance of the Scheme

NAV as on July 31, 2014 - Direct : 14.5541, Regular : 14.4772

Particulars	Since Inception (CAGR %)			
	Returns (%)		Current Value of Investment Of ₹ 10,000	
	Direct	Regular	Direct	Regular
Scheme	37.51	36.90	14,554.1	14,477.2
CNX 500	25.14		13,023.4	
CNX Nifty	22.44		12,692.9	
Sensex	24.35		12,927.6	
1 Year				
Scheme	48.93	48.27	14,892.8	14,827.3
CNX 500	41.44		14,143.7	
CNX Nifty	34.47		13,447.1	
Sensex	33.85		13,385.4	

Greater than one year returns are compounded Annualised Returns.

* Past performance may or may not be sustained in future.

We have our skin in the game

The combined holding of 'Insiders' in PPFAS Long Term Value Fund amounts to **8.32%** of the AUM as at July 31, 2014. For more details please visit the '[Scheme](#)' section of our website.

Investment Process

Identifying Investments

- Review public filings
- Periodic quantitative screens
- Tracking known businesses & industries
- Peer review of businesses

Fundamental Research

- Industry Analysis
- Competitive Analysis of business v/s Peers
- Review historical financial & operational data
- Qualitative evaluation of business & management

Valuation Study

- Historical normal valuation
- Peer comparison
- Internal estimates & range of intrinsic value

Portfolio Construction

- Buy / Sell Discipline: Opportunistic
- Security Risk Control: Not more than 10% of portfolio in a single security (as per SEBI Guidelines)
- Follow portfolio guidelines

Portfolio Guidelines

Sr	Parameter	Guideline
1	Ideal Market Cap	Any Market Cap
2	Max Cash in Portfolio	Opportunistic retention or use of Cash (upto 35%)
3	Max International Limit	35% of overall portfolio
4	Max Single Position Size	10% (as per SEBI Guidelines)
5	No of Companies held	20-25 (in exceptional cases 25+)
6	Benchmark	CNX500
7	Our Performance Focus	Focus on absolute returns as well as beating the benchmark over the long term

If you would like to invest visit here.

www.amc.ppfas.com

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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